INDUSTRY TRENDS AND BEST PRACTICES for Commercial & Non-Commercial Food & Beverage

Claudia Scotty
CEO Envision Strategies

cscotty@envstrategie

Who Is The Customer?

Demographic Trends

- Baby Boomers are Retiring
- Millennial Generation Moving to the Forefront
- Ethnic Diversity Exploding
  - Today - 42% of K-12 Students are Minorities
  - By 2015 - 20% of High School Graduates will be Hispanic Americans
  - % of Asian Americans also Growing
  - By 2040 – Minorities will be the Majority in the U.S.

ENVISION strategies

Who Is The Customer?

The Millennials (born since 1982)

- Most ethnically diverse generation in U.S. history
- Formative Years – 1992–Present
- Overprotected
- Most consumer experienced generation in U.S. history
- Pressured to perform and overscheduled
- Short attention span
- Team oriented
- Connected but intimacy averse
- High achieving but disengaged from traditional learning experiences
- Civic minded
- Anti-corporate

Who Is The Customer?

The Millennials and Food

- Demand menu authenticity
- Demand convenience (hours, locations, systems)
- Very high service expectations
- Like to customize and individualize *everything*
- When dining in, often dine in “packs”
- Often take food “to go”
- More price/value oriented than price conscious
- Technology reliant & experienced
- Small and local business focused; less brand oriented
- More focused on sustainability

ENVISION strategies

Food Trends

Branding

- Interest Growing in “Local” Brands
- Focus on “Fast Casual” as Opposed to “Fast Food”

ENVISION strategies

Food Trends

Comfort Foods - Poor Economic Times People Turn to Comfort
- Fried Chicken
- Homemade Meatloaf
- Mini Burgers
- Old Fashioned Sweets (Oreos, Peanut Butter Cups)

Food with Benefits
- Immune Building
- Gluten-Free
- Allergy-Free
- Black Garlic - Developed in South Korea, this chewy, savory-sweet fermented garlic boasts twice the antioxidants as regular garlic and doesn't cause bad breath.

ENVISION strategies

Food Trends

Food Vetting – Knowing where their food comes from.
More expensive to track, but we want it.
ex. Local produce, meats & products highlighted

Individuality - Sharing has come into its own in restaurant concepts (goodbye additional plate charge), there is a separate but equal trend toward individuality. It's part of the reason why we are making our own cheese, smoking our own meats, and making our own specialty desserts. Expect more attention to the individual, but it's not just about portion size—it's also about food that reflects personality.

ENVISION strategies

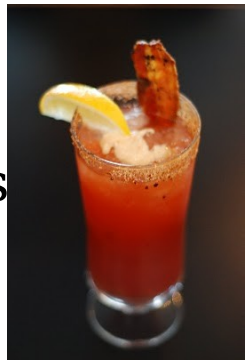
Beverage Trends

Non-Alcoholic

- Enhanced Water – with added flavors or vitamins (ex. Herbal Water, Dasani Essence, brewed vitamin enhanced tea at Subway)
- Milkshakes over Smoothies – past 6 months
  30% purchased milkshakes vs.
  14% purchased smoothies
- Coconut Water - With five essential electrolytes, more potassium than a banana, low acidity, no fat, no sugar added, and no cholesterol, coconut water is the natural, refreshing way to hydrate and replenish .
  (Coca Cola bought stake in a coconut water manufacturer in 2009)

ENVISION
strategies

Beverage Trends



Alcoholic

- Culinary Cocktails & Artisan Liquors (olives bacon, chocolate, hot peppers & fresh herbs)
  - Dirty Sue (twice filtered olive juice)
  - Bacon Vodka – perfect for BLT Mary
  - Chocolate based bitters – Aztec Chocolate Bitters &
    Xocolatl Mole Bitters

- Homemade Beer & Wine
  - Hyperlocal Microbrewery
  - Loca

ENVISION strategies

Beverage Trends

Alcoholic

- Boxed Wines – Higher Quality Options – younger drinkers are accepting the unorthodox box moving from off-premise to on-premise from back of bar to top of bar.

- No Full Liquor License – other sake creations
  - Saketini
  - Sake Mojitos (Thai Basil Mango Mojito, Strawberry Mojito)

ENVISION strategies

Meeting Customer Needs

Key Service Trends

- 24/7 Service Portfolio
- Both Dine In and Take Out Opportunities
- Emphasis on “Just In Time” Fresh Preparation
- Customized Culinary Experience
- Authentic Ethnic Variety

ENVISION strategies

Service Model Trends

Marketplace Style Dining

- Multiple Service Platforms
- “Foodertainment” Focus
- Emphasis on Exhibition Cooking
- Designed to Stir the Senses

Service Model Trends

Convenience Stores

- Extended Service Hours
- Growing Emphasis on Fresh Foods Packaged “To Go”
- Incorporation of Retail Concepts

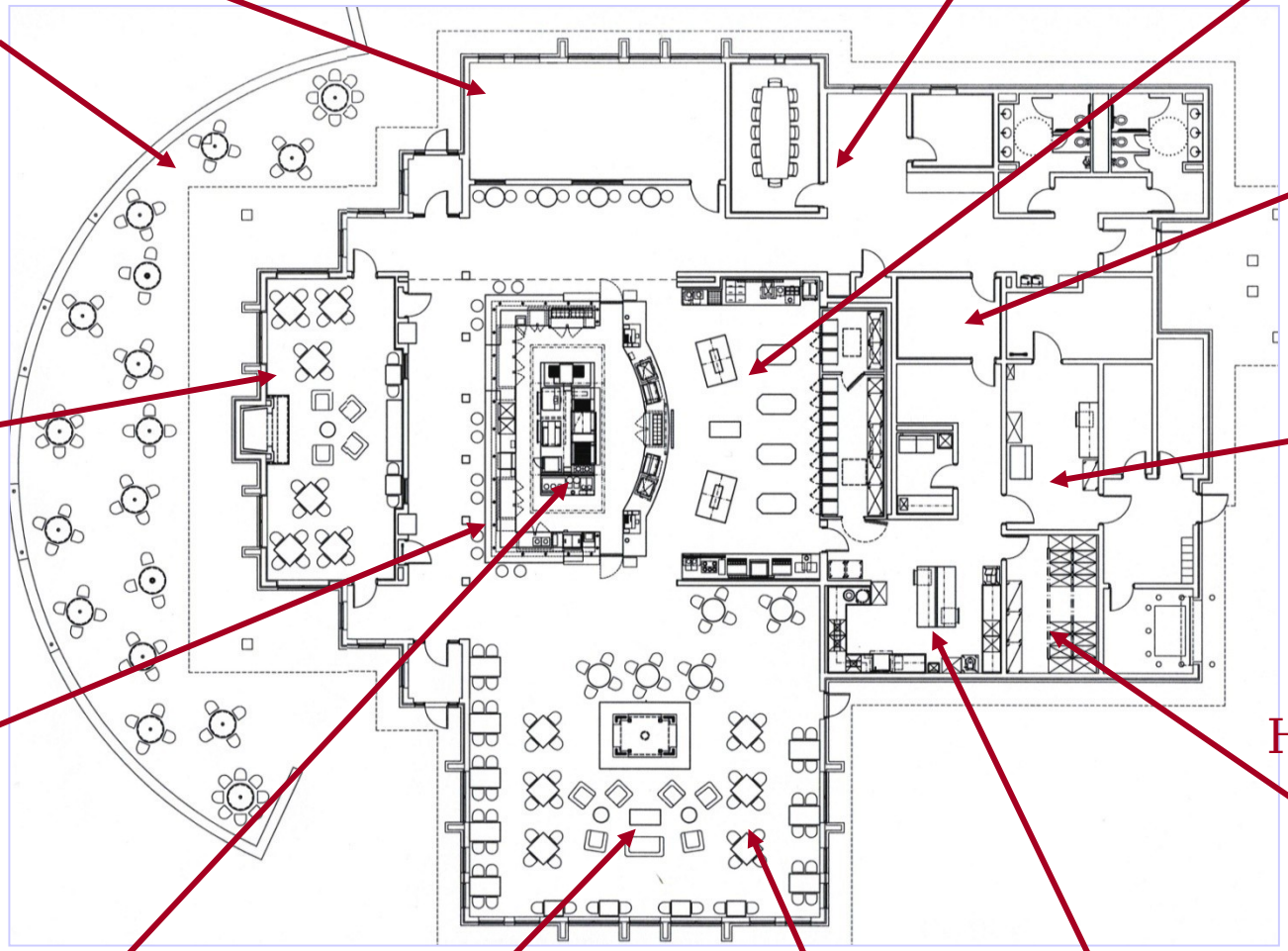
ENVISION strategies

Service Model Trends

Hybrid Concepts

- Blending Services
  - Groceries + Prepared Food
  - Books + Coffee

Iowa State University
Hawthorn Cafe



ENVISION strategies

Service Model Delivery Model Trends

Coffee Shops

- “Lifestyle Restaurants”
- Specialty Coffees & Tea
- Fair Trade Focus
- High Quality Baked Goods
- Wireless
- Soft Seating
- Cross Merchandising

ENVISION strategies

Restaurant Quality Environments

Technology Trends

- Online Ordering for Pick-up/Delivery
- Kiosk Ordering
- Handheld Ordering
- Cashless Systems
- Data Mining
- Texting and IM

ENVISION strategies

Health and Wellness

Industry is Being Challenged on Issues of Food Transparency

- Greater Emphasis on Locally Grown Foods and Organics
- Safety and Traceability of the Supply Chain
- Nutritional Information and Labeling
- Responsiveness to Allergies & Special Diet Needs
- Incorporation of Probiotics & Foods with High Phytonutrient Content

ENVISION strategies

Sustainability

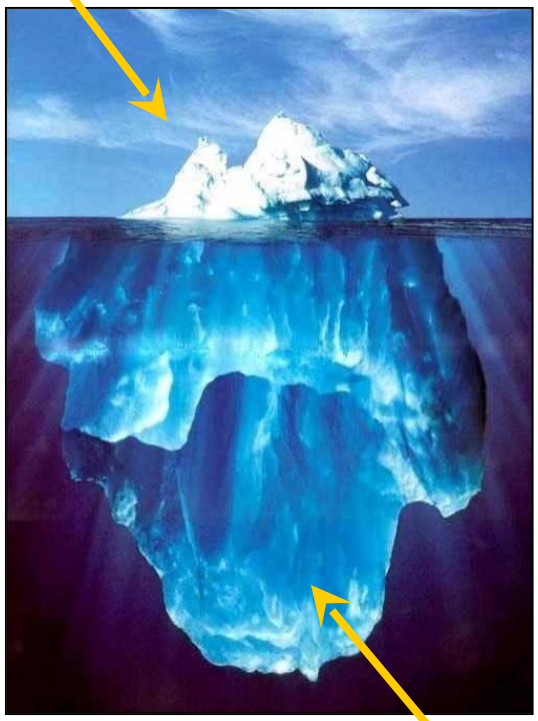
Food Service Industry Amongst the Highest:

- Users of Disposable Products
- Air Quality Compromisers
- Consumers of Fresh Water
- Users of Toxic Chemicals
- Users of Energy per SF

- Utility Costs: 5% of revenues
- Profit Margins: 4-7% of revenues
- 20% Energy Cost Savings = 15-25% Profit Increase

ENVISION strategies

Sustainability



Food Service Becoming a Focal Point for Sustainable Practices

- Waste Reduction
  - Trayless
  - More Reusable; Less Thrown Away
  - Recycling
  - Composting
- Green Supply Chain
  - Fair Trade
  - Organics
  - Farm to Table and Sustainable Agriculture
- Energy Conservation
  - Smart Technology/Energy Monitoring
  - Investment Cost vs. Life Cycle Cost
- Incorporation of Teaching Opportuniti

ENVISION strategies

Smart Kitchens

New technology fostering greater efficiencies

- labor management
- inventory management
- "smart" equipment

- NAFEM Data Protocol
- Temperature reporting
- Wireless technology
- POS/Production Integration
- Haptic Technology

ENVISION strategies

Questions & Discussion

ENVISION
strategies